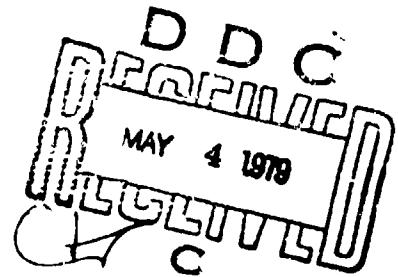


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Inter-Arab Conflict Contingencies and the Gap Between the Arab Rich and Poor

Malcolm Kerr, Nathan Leites, Charles Wolf, Jr.

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A Report prepared for

DIRECTOR OF NET ASSESSMENT,
OFFICE OF THE SECRETARY OF DEFENSE

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Documents a portion of Rand work on the military, political, and economic balance in the Middle East. The report considers how income and wealth disparities among Arab countries in the mid-1980s might affect the occurrence and course of any military conflicts. The range of possible conflicts being wide, the report examines only a limited set of cases. It concludes that general demands by the poor for federation with the rich are much less likely than bilateral projects of union not necessarily motivated by economic need. Because some of these unions could lead to inter-Arab military conflict, and because the contingencies are complex and fraught with uncertainties, the U.S. should proceed cautiously with any policy interventions. The report considers possible U.S. actions with respect to general policy considerations, U.S. force planning and deployment, and policies on security assistance and economic assistance. (See also R-2259.) 38 pp. (WH)

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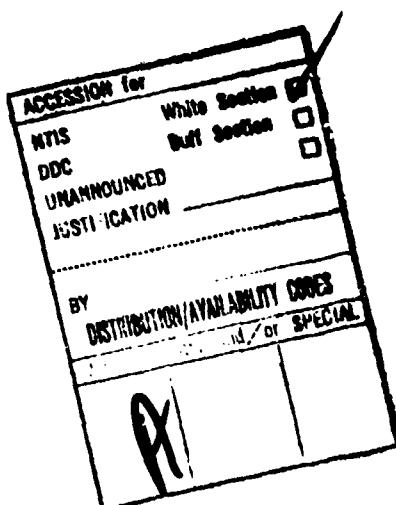
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PREFACE

This report documents a portion of Rand's work on selected aspects of the military, political, and economic balance in the Middle East for the Director of Net Assessment in the Office of the Secretary of Defense. One part of the work is concerned with the effects of organizational and managerial improvements on the relative military capabilities of the principal Middle Eastern countries in the mid-1980s.

A second part of the Rand work estimates the size of the principal Arab economies by projecting their expected economic growth and their accumulation of foreign assets by the mid-1980s. These projections, while of interest in their own right, were undertaken on the premise that the overall balance among the Middle Eastern countries will be influenced by the relative size of their economies and the assets they command. The economic projections are reported in *The Economic Potential of the Arab Countries*, R-2250-NA, by Arthur Smithies, November 1978.

The present report, taking these growth and asset projections as given, considers a range of military conflict contingencies that may be affected by the large disparities in income and wealth between the Arab rich and the Arab poor. Consequently, the report focuses on inter-Arab conflict contingencies, but gives some attention to their possible effects on Arab conflict with Israel. In focusing on possible inter-Arab conflicts, the study alludes to, but does not systematically assess, the numerous countervailing tendencies in the Middle East toward stability and avoidance of these conflicts.



SUMMARY

This report considers how income and wealth disparities between Arab countries in the mid-1980s may affect the occurrence of military conflicts, the course of any such conflicts, and the overall balance in the Middle East.

Attempts to forecast military conflicts between the countries of the Middle East are beset by uncertainties and difficulties. The stability of potential agreements between Israel and Egypt is one major uncertainty. Another is the pattern and intensity of reactions to these agreements by the confrontation states. Additional uncertainties attach to the numerous other sources of possible conflict, frequently cutting across the lines between rich and poor. They include: ideological differences; long-standing geopolitical rivalries; personal hostilities among individual leaders; and shifts in the international environment outside, and in relation to, the Middle East.

The result is a disconcertingly wide range of possible conflicts. Consequently, although our survey is broad, we do not attempt a complete inventory of conflict possibilities, but examine only a limited set of cases, of varying but unspecified likelihood. Although the study was originally intended to focus on the effect of economic disparities, it developed into a more extensive survey of potential inter-Arab conflicts, whether or not the economic influences upon them were prominent. Indeed, the study concludes that income and wealth disparities would probably be only a minor element in causing such conflicts. A "pure" case of conflict between rich and poor states, in which pecuniary gain is the principal motive, is unlikely.

At the outset, we take as a reasonable assumption a set of projections derived from a companion Rand study of income growth and asset accumulations for the principal Arab states in the mid-1980s (see Table 1).

CONTINGENCIES AND OUTCOMES

Contingencies of conflict are considered in an increasing order of intensity from demands for general or partial Arab federation, to coups d'état, to direct military conflict between states.

A general demand by the poor for federation with the rich is very unlikely. Conceivably, a coalition of the poor states, all radically governed, plus Iraq, Algeria, and Libya, could press such a demand on Saudi Arabia and Kuwait in order to claim a share of their wealth, but it is improbable that the poor and the radicals would be able to hold together, especially in the face of a strategy of the conservative rich to buy them off selectively.

Bilateral projects of union between neighbors, not necessarily motivated by economic need, are more likely. The most significant possibility is that Syria may unite with Iraq, posing a challenge to several other states and risking armed intervention. Egyptian or Tunisian union with Libya is also possible.

Radical coups in Kuwait and Saudi Arabia are not considered likely, but Kuwait's internal security could be threatened by Palestinian unrest, incited by Iraq. The Saudi regime is presently strengthened by its great wealth, but it could be

threatened by the social effects of a declining financial situation in the future, as well as by an upswing of radicalism in neighboring Arab countries.

A radical coup in Egypt, from the left or, more likely, the right, is a distinct and constant possibility, given the unpromising economic outlook under the Sadat regime and in the event of a failure of peace diplomacy with Israel.

The rich radical regimes of Libya and Iraq could conceivably swing toward the center, but there is no reason to expect their overthrow.

Several possibilities of inter-Arab military conflict are considered. Iraqi-Syrian tensions are unlikely to lead to hostilities, and these would probably be restricted to border skirmishes. Egypt and Syria, under alternative regimes, might develop antagonistic relations with the monarchies in Saudi Arabia and Kuwait, and engage in efforts to subvert and harass them, but would be very unlikely to enter into military hostilities against them except as junior partners in an attack mainly carried out by others (Iraq, Iran, the Soviet Union). Egypt and Syria would probably avoid land-based operations.

An Iraqi armed invasion of Kuwait appears plausible, if a change of regime in Iran should remove Iran's role as an implicit military guarantor of the Arab monarchies, and if effective American intervention seemed unlikely. A radical regime in Iran might meanwhile occupy some of the lesser Gulf principalities. An Iraqi or Iranian invasion of Saudi Arabia is more doubtful, though not excluded, because of the greater prospect of American involvement; but the country might instead be gradually taken over by pressures short of war. Egypt, under Sadat or a radical successor, could lend important military support to either Saudi Arabia or her adversaries in the event of a threatened or actual invasion.

Military conflict between Egypt and Libya is unlikely, beyond the level of the 1977 border skirmish, despite apparent temptations for Egypt to attack. More skirmishes might be initiated by either side in the context of the Egyptian-Israeli peace agreements or a domestic uprising against the Egyptian government. The departure of Sadat would raise the possibility of a rapprochement between Saudi Arabia and Libya and other Arab radical states; alternatively, Sadat's successor might clash with Qaddafi and reaffirm Egypt's ties with Saudi Arabia.

RELATIONSHIP OF CONTINGENCIES TO ARAB-ISRAELI CONFLICT

Israel represents a deterrent to some possible inter-Arab developments unfavorable to her interests, including the overthrow of conservative regimes and the unification of certain Arab states. The persistence of inter-Arab conflict weakens Arab military potential against Israel, but also impedes the Arabs' adoption of constructive approaches to peace negotiations. Peace could promote Arab unity, yet it could conceivably also unleash certain inter-Arab hostilities by removing the Israeli deterrent.

DETERRENCE AND PREPARATION

The Arab oil monarchies rely on three principal means of protection: inter-Arab diplomacy and financial aid; strengthening their own national defense forces; and

outside allies. They have dispensed development loans and political subsidies, wooed the elites of poor states away from radical positions, and accepted numerous migrant workers; the Saudis have formed a virtual alliance with Egypt and closely cultivated Syria and Jordan. Saudi Arabia may, however, also cultivate some right-wing opponents of these regimes for insurance purposes. The oil monarchies are highly unlikely to contemplate any substantial federation with the non-oil states.

Although the defense forces of the oil monarchies themselves cannot assure their security against a full-scale Iranian or even Iraqi invasion, they might serve to cope with limited hostilities, as a trip-wire and a means of buying time to invoke outside alliances, and for the sake of internal security.

Saudi Arabia might find some utility in acquiring a small nuclear force for deterrence, but the ensuing risks for her in doing so would be formidable.

Saudi Arabia has acquired a special relationship with the United States that could be developed into a full military alliance. In addition to its present support activities, the United States could station air defense units on Saudi soil, or be prepared to do so on request at short notice, and pledge these and other forces against prospective aggressors. In return, the Saudis could offer the United States long-term guarantees regarding oil prices and supplies, and in support of the dollar. Saudi readiness to rely on American protection may be limited, however, by Arab nationalist sentiment and by prospective logistical difficulties in some circumstances.

Reliance on Iranian rather than American guarantees could be more effective for Saudi Arabia and, particularly, Kuwait in case of attack by Iraq, for obvious geographic reasons. Despite cool Iranian-Arab relations, which have impeded the negotiation of defense agreements, the Arab oil monarchies can count informally on some level of Iranian protection barring a major change in the character and orientation of the Iranian regime. They worry, however, about Iran's own possible designs on Arab territories; about possible Soviet moves to deter Iran from helping them against Iraq; and about the possibility that the Shah may be overthrown by radical elements unwilling to protect them. In the meantime, it appears that firm political and military agreements with Iran would be highly desirable for them.

Israel possesses the military capability and basic interest to consider intervening against an attack on the Gulf oil monarchies by radical neighbors, if encouraged by the United States, but we discount the idea heavily on the grounds of its unacceptability among the Arabs.

CONCLUSIONS AND POLICY IMPLICATIONS

What implications for U.S. policies in the region follow from the contingencies we have described?

Because the complexities and uncertainties pervading the contingencies suggest that any U.S. policy interventions would have highly unpredictable consequences, the United States obviously should proceed with caution and restraint. We consider possible U.S. actions with respect to four aspects of policy.

General U.S. Policy Considerations

The most appropriate U.S. role in many of the conflict contingencies may be to deter or block Soviet involvement, while encouraging and facilitating collaboration in military operations between friendly countries within the region. Examples are provided by the important role we ascribe in several contingencies to military support from Iran for Saudi Arabia, and from Turkey or Egypt in support of Saudi Arabia and Kuwait.

Improved relations and security understandings between Saudi Arabia and Iran are of great importance to the United States, as the future of all the Arabian peninsula oil monarchies may hinge on them. Although the United States should study and give every possible encouragement to promoting better coordination between Saudi and Iranian defense planning, it should proceed with caution and tact because of the acute sensitivities of the parties, especially the Saudis.

To deter designs on Saudi Arabia and Kuwait by either poor Arab countries or ambitious rich ones interested in becoming richer, e.g., Iraq or a postrevolutionary Iran, the United States might seek ways short of explicit security guarantees to emphasize its vital interest in the integrity of the states in the Arabian peninsula.

U.S. Force Planning and Deployment

In accord with the first general policy consideration referred to above, U.S. contingency planning in the Middle East should assign a more prominent role to the performance by U.S. forces of certain key noncombat support functions, such as airlift, logistic support, communications, and intelligence. These functions would be intended to facilitate more effective military collaboration among friendly countries of the region, without involving U.S. forces in direct combat. Further consideration and study should be given to the addition or substitution of forces specifically designed and trained to provide such support from U.S. sea-based forces in the Mediterranean and U.S. land-based forces in Turkey.

Security Assistance Policies

From the contingencies we have surveyed, conflicting inferences can be drawn with respect to appropriate U.S. arms transfer policies. Some considerations argue for additional arms and training to increase the capabilities of and collaboration between friendly countries of the region. Other considerations, given the extreme volatility of the circumstances and regimes in the region, warrant strict restraint in such measures. Perhaps a reconciliation lies not only in restraining the transfer of new systems, but also in limiting spare parts and inventories in order to reduce the risk of inappropriate use. Such limitation obviously requires an ability by the U.S. to replenish the inventories for use in appropriate contingencies.

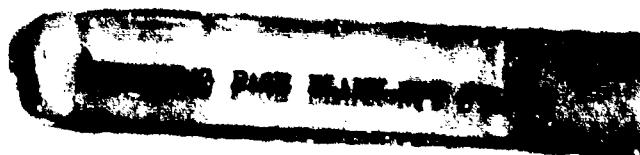
Economic Assistance Policies

The maintenance and strengthening of a moderate regime in Egypt seem likely to be helped by more evident progress in its economic development than has recently been displayed, or than appears likely from the projections we have made.

To improve these prospects, the United States might contemplate increased economic assistance and technical cooperation, as well as suggestions to the Saudis and Kuwaitis that their subsidies to Egypt should also be increased.

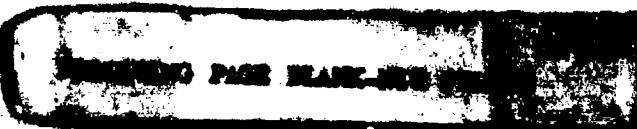
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I. INTRODUCTION

To paraphrase Churchill, trying to forecast potential military conflicts in the Middle East over the next five to ten years is like trying to solve a riddle wrapped in a mystery inside an enigma. There is a disconcertingly wide range of possibility. Whether the agreements reached between Israel and Egypt, as a result of the Camp David meetings, prove to be stable, surely is one critical branch in the tree of conjectures. Another is the pattern and intensity of reactions to these agreements by the "confrontation" states. But even if these uncertainties were resolved or assumed away, and even apart from possible Arab-Israeli conflicts, huge uncertainties remain along another branch: namely, that relating to possible inter-Arab conflicts, which is the principal concern of this paper.

These uncertainties arise from several sources of potential conflict.

IDEOLOGICAL DIFFERENCES

Ideological differences arise most obviously between such radical states as Iraq and Libya and such centrist states as Egypt, Lebanon, and Jordan, or between the radical states and the conservative ones such as Saudi Arabia, Kuwait, and the United Arab Emirates. In general, the conservative regimes form a more stable alliance than the radical ones. The conservative states are oriented toward accepting and protecting established legitimacies, and avoiding critical examination of ideological questions. The radicals, by contrast, are more sensitive to nuances of ideology, to competition for leadership, and to the exploitation of international issues.

GEOPOLITICAL RIVALRIES

Geopolitical rivalries include the traditional three-cornered rivalry among Egypt, Syria, and Iraq for leadership in the Fertile Crescent including Lebanon, Jordan, and the Palestinian community, with Jordan and Lebanon typically seeking protection from one of the three rivals, or from Saudi Arabia, or the U.S., against the other two. Geopolitical rivalries are also reflected by the historical pattern of Egyptian hegemony over Libya, now superseded by rivalry between the two. The traditional pattern of Egyptian influence over the Sudan, North Yemen, and the Saudi Arabian peninsula, has also shifted in the 1970s to substantial Saudi influence over Egypt, as well as the others, based on Saudi Arabia's economic power.

PERSONAL TIES AND HOSTILITIES AMONG INDIVIDUAL LEADERS

Feuds flare up sporadically between Sadat and Qaddafi, Assad and Sadat, and

Hassan Bakr and Assad. The interaction between these personal hostilities and those of the political elites that the leaders represent, such as the Baathist parties in Syria and Iraq, provides another source of interstate friction.

INCOME AND WEALTH DISPARITIES BETWEEN OIL-RICH AND OIL-POOR COUNTRIES

This possible source of conflict will be dealt with in more detail later. The uncertainty of it adds to the difficulty of forecasting military conflict contingencies because income and wealth disparities cut across the other sources of conflict already mentioned. For example, the conservative regimes are themselves distributed among rich and poor (e.g., Saudi Arabia and Jordan), and so are the radicals (e.g., Syria and Iraq). Furthermore, one finds patterns of limited cooperation cutting across lines of wealth and ideology; for example, Iraqi aid to North Yemen, and Saudi Arabian aid to South Yemen.

There is also Iraq's irredentist claim on Kuwait. In this case Iraq, an already oil-rich country may seek to become even richer—a well-populated, capital-hungry oil producer in quest of a larger surplus, in addition to pressing its traditional claims.

SHIFTS IN THE INTERNATIONAL ENVIRONMENT

Shifts in the international environment outside, and in relation to, the Middle East are also an uncertain factor. For example, changes in U.S.-Soviet relations outside the Middle East might increase or reduce the two countries' support for Middle Eastern allies or client states. Within particular Middle Eastern countries, a belief that the Soviet threat is growing might lead these states to alter their policies toward both the superpowers and toward other Middle Eastern countries those powers support.

The range of possible conflict contingencies, as well as of unexpected cooperation, among the Middle Eastern states is widened still further by the extreme volatility of the foregoing factors. For example, coups or changes of regime, with or without outside support, might shift conservative regimes in a radical direction (e.g., Iran or Saudi Arabia), radical regimes toward centrism (e.g., Syria or, less likely, Libya), or centrist regimes toward radicalism (e.g., Egypt).

It is not feasible to attempt a complete inventory of so disconcertingly wide a spectrum of future conflict possibilities. Instead, we shall attempt to examine a limited set of cases, of varying but unspecified likelihood.

The following discussion focuses on one of the factors listed earlier: the growing disparities in income and wealth between the Arab rich and poor. This focus does not gainsay the fact that some of the other factors may be more important, or that income and wealth disparities may become important ingredients of conflict only if they are associated with one or more of the other conflict-creating factors.

In this discussion, we take as a reasonable assumption the income growth and asset accumulations for the principal Arab states in the mid-1980s derived from a companion Rand study and briefly summarized in Table 1.

Table 1
COMPARATIVE ECONOMIC POSITIONS OF THE ARAB COUNTRIES, 1975 AND 1985
(In constant 1975 dollars)

Country	GDP ^a (billions)		Non-oil GDP (billions)		GDP per Capita (thousands)		Non-oil GDP per Capita (thousands)		Accumulation (billions)	Population (millions)
	1975	1985	1975	1985	1975	1985	1975	1985		
Saudi Arabia	38.0	61.1	5.6	15.2	6.1	7.3	0.9	1.8	56	79-121
Kuwait	10.9	15.6	2.3	3.4	10.9	12.0	2.3	2.6	27	63-115
Iraq	13.6	22.5	5.3	10.8	1.2	1.5	0.5	0.7	4	26-42
Libya	14.7	23.6	7.0	15.6	6.1	7.3	2.9	4.9	small	2.4
Egypt	12.4	21.4			0.3	0.4				37.1
Syria	4.7	9.0			0.6	0.9				7.4
Jordan	0.9	1.7			0.5	0.6				2.0
										2.7

SOURCE: Arthur Smithies, *The Economic Potential of the Arab Countries*, The Rand Corporation, R-2250-NA, November 1978.

NOTES: The 1985 GDP figures for the oil-rich assume export income increasing at 3.5 percent annually. Population figures assume 1975 population increase at 3.0 percent annually, with the exception of Egypt, which is assumed to increase at 2.5 percent. Population figures are unreliable because of the difficulty of dealing with migrants in both years. The Libya statistics for the non-oil sector look implausibly high.

^aGross domestic products.

If one views the several metrics summarized in Table 1 as crude indicators of economic power and the political influence it creates, several important points can be inferred: (1) Over the mid-1980 period, there is a growing disparity between the rich and the poor in terms of asset accumulations; (2) as measured by the absolute difference in gross domestic products, the gap nearly doubles between the Saudi economy (the region's largest) and the Egyptian economy; and (3) there is a persistent or increased disparity in levels of living between the rich and the poor as roughly measured by their respective per capita income levels.

Our aim in what follows is to consider whether and how these projections relate to possible conflicts in the Middle East, and hence to the overall "balance" in the region in the mid-1980s. It is already evident that the preponderant wealth of the Gulf states affects elements of the Middle Eastern balance. For example, Saudi influence on Syria in Lebanon, and on Egypt in its negotiations with Israel, suggests how economic power can be used for political ends. At the same time, maintaining this influence, by means of the large Saudi subsidy to both Syria and Egypt, demands a certain degree of restraint. Abruptly terminating or abruptly reducing the subsidy might be awkward, and might even provoke the subsidized states to provide direct or indirect assistance to possible dissident minorities in Saudi Arabia or in Kuwait.

The following sections address two broad questions: (1) In what circumstances, defined with respect to the other four sets of factors listed earlier, are the assumed income and asset projections apt to result in, or contribute to, military conflicts in the Middle East, or result in unexpected links among Middle Eastern states? (2) How would these income and asset disparities be likely to affect the course of these contingencies?

In other words, we are trying to find ways of bringing income and wealth considerations into the assessment of the overall balance in the Middle East, of

military conflict contingencies, and of the potential outcomes of these contingencies.

Although the study originally intended to focus on the effects of economic disparities, the work evolved into a more extensive survey of potential inter-Arab conflicts, whether or not economic influences upon them are prominent. Indeed, in most cases it appears that income and wealth disparities would have distinctly limited significance in contributing to such conflicts.

II. POSSIBLE CONNECTIONS BETWEEN ECONOMIC CONDITIONS AND CONFLICT

The issue of whether and how economic conditions (including disparities in income and wealth) affect the likelihood or severity of military conflict is a special case of a more general and equally uncertain relationship, namely, that between economic conditions and political behavior. It is neither appropriate nor necessary to review in detail the diverse, as well as inconclusive, literature on this subject.¹ But a few comments will sketch in the background.

The literature includes "optimistic" models, suggesting that economic improvements tend to avert conflicts and to foster conflict resolution and political evolution along democratic lines.

"Pessimistic" models suggest the opposite: that the probability of internal rebellion or external aggression or other conflicts increases as economic conditions improve.

And there are ambivalent models—neither optimistic nor pessimistic—formulated in terms of gaps between aspirations and performance, between wants and their satisfaction, or between prior and current rates of change. Interactions among these variables become the predictors of conflict.

Although it is not appropriate to go into these models in detail, a few comments on their content and diversity, and on the inconclusiveness of the evidence in their support, may be worthwhile. The comments underscore the uncertainty surrounding the issues with which this paper is concerned.

For example, one hypothesis suggests that abrupt and substantial reversals of economic improvement are a principal cause of conflict.

Another variant suggests that a slowing down in an accustomed rate of improvement is likely to provide such a provocation.

A third hypothesis suggests that actual reductions in living standards, rather than a slower rate of improvement, will lead to a violent reaction.

A fourth hypothesis suggests that the frustrations aroused by a shortfall in striving toward some established economic goal are likely to generate violent political reactions.

A recurring theme in much of this literature is the provocative effect of large or growing inequalities—of income and wealth, power and privilege. This theme is pervasive in much of the modern literature on political development, in the long-standing philosophy underlying foreign aid programs with their emphasis on "social progress" and "equity," and in the sentiments reflected in the current dialogue between countries of the so-called North and South.²

¹ For a partial survey of the literature, see Nathan Leites and Charles Wolf, Jr., *Rebellion and Authority: An Analytic Essay on Insurgent Conflicts*, Markham, Chicago, 1970; and Charles Wolf, Jr., *United States Policy and the Third World*, Little, Brown, and Company, Boston, 1967.

² The underlying notion goes back at least as far as Aristotle in his discussion of the causes of revolution in ancient Greece: "Everywhere inequality is a cause of revolution . . . and always it is the desire of equality which rises in rebellion." See Aristotle, *Politics*, The Modern Library, New York, 1943, p. 211.

In considering potential conflict contingencies in the Middle East, we attribute some validity to the hypothesis concerning the effect of large and growing income and wealth disparities as a contributing element in conflict between—and within—geographically and culturally linked countries, such as the Arab countries of the Middle East. Inequalities, it may be conjectured, are more sharply and invidiously perceived if the group that is more favorably situated is "close," in both the geographic and cultural sense, than if it is remote. In effect, the Arab rich may provoke more envy and resentment among the Arab poor than do the richer countries of the so-called "North" in the North-South context. This presumption perhaps gains additional moment if the perceived inequalities coincide with the ideological differences, geopolitical rivalries, and personal hostilities referred to above. But the same presumption is weakened when there is no such coincidence.

At the same time, our survey of conflict possibilities suggests that practical military, political, and economic considerations limit the prospects for the outbreak of armed conflict in many situations. However, the study does not attempt a systematic assessment of these countervailing tendencies to avoid armed conflict among the Arab countries.

It is worth remarking on the factor of ambition. Inequality can influence the relatively well off as well as the poor, stimulating them to covet the resources of those who are still better off than they are, and to seek domination over larger—if poorer—populations and territories. We shall find examples of both types of contingencies in what follows.

Some among the poor may sublimate their resentment and instead of turning to violence against the rich, may appeal to nationalistic ambitions of a more positive kind, by seeking to persuade the rich of the dramatic prospects of developing a strong and modern society through union with their poor neighbors and investment of their surplus wealth for the common good.

Any such projects, aggressive or not, may provoke conflict with other neighbors who consider their interests to be threatened.

We turn next to consider various contingencies that may ensue from or be aggravated by this combination of circumstances.

III. CONTINGENCIES AND OUTCOMES

Contingencies will be considered in order of a rising level of conflict: from demands for Pan-Arab federation, to coups, and, finally, to direct military conflict.

DEMANDS BY THE POOR FOR PAN-ARAB FEDERATION

Under the most likely circumstances, a demand by poor states for Pan-Arab federation seems very implausible. Both the poor and the rich are sharply divided among themselves; rival rich regimes cultivate rival clientèles among the poor, and these relationships are fairly satisfactory to the leaders of the poor states, as a means of strengthening their own roles. Arab history offers little encouragement for the notion of wide-scale practical cooperation on a continuing basis, despite the emotional support for the idea of pan-Arabism.

Stretching the imagination, we might conceive of a crisis that would seem to make a collective demand by the poor for federation with the rich—and hence for a substantial share in their wealth—appear somewhat plausible. According to this scenario, Egypt, Syria, Jordan, Sudan, North and South Yemen, and Tunisia have all come under radical regimes and are facing mounting financial problems. Some of these states, despite their poverty, possess sizeable armed forces developed with Soviet aid, with which they threaten the sparsely populated conservative oil states. Libya, Algeria, and Iraq, radical oil regimes with a substantial aggregate population and armed forces, but scant collective financial surplus, support the demand of the poor for a federation. Neither the rich conservative states nor their external patrons (Iran, the U.S.) feel able to withstand a confrontation, and they accept a federal union as a political and ideological compromise.

This scenario entails several problems. It is unlikely that a radical-poor coalition would be interested in uniting with the conservatives in a scheme that would leave structures of social and political privilege still standing in the oil monarchies; nor that the latter would accept a scheme that did not do so. It is also unlikely that half a dozen or more radical states would manage to build a stable coalition among themselves in the first place; nor that the rich states would fail to buy off the elites of selected poor states, and pry them loose from the coalition.

Instead of a collective demand for federation made by the poor on the rich, it is much more plausible to postulate one or more bilateral approaches from one state to another, though not necessarily from poor ones to rich ones: Egypt to Libya or vice versa; Syria to Iraq and/or Jordan or Lebanon; North to South Yemen; Iraq to Kuwait. Such schemes would better reflect the historical record, which is filled with many projects for bilateral or trilateral union, even though few have been implemented and none so far has succeeded. An approach from the poorest to the richest—from Egypt to Saudi Arabia—is not in the cards.

A review of these past projects for unity reveals that the quest for access to resources has had little to do with the urge among Arab regimes to unite. More frequently, schemes for unity have reflected the desire of leaders to aggrandize their roles, or to cement alliances with neighboring regimes. It is noteworthy that

in 1973 and 1974 both Egypt and Tunisia, faced with the unwelcome prospect of political union with the Qaddafi regime, backed out of unity agreements that they had negotiated with Libya, although it was they who stood to profit economically.

In the future, however, there may be more cause than in the past for poor states to seek federation with wealthy neighbors. Population growth has made poverty a more acute and intractable problem; previously fashionable strategies of development such as Arab socialism and reliance on foreign aid have failed; and the rich are much richer than before, and thus are more inviting targets. Regardless of ideological orientation, governments in the poor countries facing the spectre of uncontrollable domestic upheavals may find it imperative to seize on any available way out of financial crisis, including mergers with wealthy neighbors that they would normally consider undesirable. The wealthy neighbors, of course, may be expected to resist.

The most likely scenario in which a poor state seeks to unite with a rich one would feature either Tunisia after Bourguiba's departure, or Egypt after Sadat's coming, under the control of leaders ideologically attuned to Qaddafi, who turn to him as a means of solving financial problems and fulfilling ideological ambitions.

Another clear possibility is an Egyptian-Sudanese union. Although both are poor countries, the combination of surplus Egyptian manpower and Sudanese reclaimable land is attractive, especially if Saudi financing were available. Moreover, strong historical ties link the two countries; but the Sudanese may be expected to show strong reservations about the prospect of heavy Egyptian immigration, and it is not certain that the Saudis would regard this as a secure field for investment.

The most significant foreseeable unity projects would be those combining Syria with various neighbors. The establishment of a state of "Greater Syria," including Lebanon and Jordan, would greatly enhance Syria's regional importance; among other things, it would strengthen her eligibility for larger subsidies from the oil monarchies, and her ability to compete with Egypt in the struggle for Saudi political support on inter-Arab issues. Such a union is not immediately in prospect, but it has long been on the agenda of various nationalist movements and may well rise to the surface in the future.

A more dramatic possibility is a union between Syria (after a change of regime) and Iraq. This Fertile Crescent state, to which Lebanon and Jordan might also adhere, would revolutionize the regional balance of power. Such a state, with its natural and human resources and strategic territory, would have great potential for economic development and for political and military strength. Not surprisingly, it is just the sort of project that Arab nationalists have long advocated; and in the future, under changed circumstances, it could well be put into effect very quickly.

Because Egypt, Saudi Arabia, Iran, Turkey, Israel, the U.S. and the USSR would all be likely to disapprove of this project, it raises various prospects for conflict. Iran, Turkey, and Israel would probably be the only parties able to take rapid and effective military action. The Soviets might dislike seeing their clients pool their strength, but would also find it difficult to tolerate armed intervention by other parties. The danger of Soviet-American escalation would be obvious. Consequently, it is quite possible that no intervention would occur, particularly if the union were established in so decorous a manner as to deny any pretext for intervention.

A Fertile Crescent union would probably cause the Arab oil monarchies to draw

closer together in fear of attack or subversion, and perhaps to establish a confederation. They would also be likely to increase their aid to Egypt, North Yemen, and the Sudan to stabilize these regimes.

PROSPECTS OF COUPS

Radical Coups in Conservative Oil States

Kuwait. Kuwait's native elite is small but cohesive and politically experienced, and determined to preserve current social and political arrangements.

Kuwait faces two potential threats to her internal security: unrest among its resident Palestinian population, and incitement from Iraq, which has a long-standing claim to Kuwait.

Palestinians and other immigrant Arabs form a majority in the country, and many are more or less permanently settled there. While these settlers are generally prosperous and not inclined to rock the boat, there are several points of friction between them and the Kuwaitis: They are better educated and more secular, more skilled and productive, yet systematically discriminated against as noncitizens. In addition, the Palestinians are particularly responsive to militant appeals on pan-Arab and international issues.

The government has tried for many years to minimize the dangers by distributing aid generously to other Arab states and adopting strong positions, verbally at least, on Israel and other issues. It cannot expose itself to danger by endorsing unpopular steps such as the Camp David agreements. Kuwait relies on the principle that her existence is a convenience for the Arab world, much as Lebanon's used to be, and on the expectation that Iran would intervene quickly to defend her against an outside attack or an internal uprising.

Several future developments might undermine Kuwait's current security. First, revolution in Iran could remove the only force that the Kuwaiti regime is able to depend on. Second, dramatic developments between the Arabs and Israel—either war or peace—might force the government to choose between aligning with other conservative Arab governments and satisfying the demands of its own Palestinian population. Third, a deepening economic crisis in the poor Arab states, combined with the advent of radical regimes there, might cause them to try to stir up revolution against the Gulf monarchies. In particular, the establishment of a military Palestinian regime in Jordan could give rise to a policy of inciting the Palestinian community in Kuwait against the government. Fourth, looking much farther ahead, as Kuwait's oil production and revenues decline, she will become less able to satisfy other Arab governments and her own expatriate population.

Saudi Arabia. Any threat to internal security in Saudi Arabia is likely to come from within Saudi society rather than from the expatriate population. The latter is large but proportionally much smaller than in Kuwait, more diverse, and more transient. The native population, however, is also more diverse than in Kuwait, comprising various regional, tribal, and class groupings. In a time of crisis or under the stress of social change, it could prove less cohesive.

Moreover, because of Saudi Arabia's immense wealth and its strong conservative leadership, it provides a standing invitation to revolutionary sentiment

throughout the Arab world. Its wealth makes control of its affairs a valuable prize, unlike the case in Egypt or Jordan.

For the next decade revolution seems most unlikely. The country's wealth is shared widely, if not equally; and there being ample scope for upward social mobility, economic and professional ambitions may substitute for political ones. The royal family is large and, so far, cohesive enough to maintain a firm grip on the society.

Some analysts anticipate that the spread of education and knowledge about the rest of the world will breed explosive resentments against the traditionally authoritarian character of Saudi society. As long as money is abundant, such resentments can probably be assuaged by opportunities for self-indulgence; but problems may emerge if serious constraints on spending are imposed, as the Smithies report predicts they may be sometime in the future. Not only is a decline in revenue likely to slow down the drive for development, but it may also undermine the confidence and cohesion of the royal family and the technocratic and commercial elites, and stimulate disillusionment among the younger, newly educated generation seeking advancement. Even without economic strains, it is also possible that disaffection within the technocratic class at their exclusion from political power, or on the part of traditionalists offended by rampant westernization, could upset the current political status quo.

Other domestic problems could arise from cutbacks in the employment of foreigners. This could come about gradually, as a consequence of declining revenues, in which case the Saudis would have to begin doing work they have been unaccustomed to; or it could happen abruptly, if neighboring countries decided to stop the migration of labor to Saudi Arabia for political reasons. Such a development could seriously disrupt public services, education, and business in the Kingdom.

Newly installed radical regimes in neighboring countries, determined to end their dependence on Saudi subsidies, might revert to the ethos of the Nasser era and launch a campaign of propaganda and subversion against the Saudi regime. At present, with Saudi internal development and international prestige riding high, such a campaign would lead nowhere. An economic downswing at home, coupled with setbacks abroad, could alter this atmosphere.

Such a situation could easily arise if Arab-Israeli peace diplomacy entered a prolonged stalemate. With or without renewed hostilities, the Arabs could once more cut oil production and boycott shipments to the U.S. as they did in 1973, actions that under some circumstances (unintended by the Saudis) could drag on for a couple of years, causing worldwide recession. Even assuming that this did not damage the institutional fabric of Saudi-American commerce or Saudi Arabia's international financial position, the stress on Saudi society would be severe, with a decline in commercial activity and in levels of prosperity all around. The really damaging blow, however, would be struck at the self-confidence and prestige of the ruling elite, as it found itself unable to assure the international security and domestic prosperity that the country had come to expect from it.

Any external campaign of psychological warfare against the Saudi regime might well be combined with military threats. These will be discussed below. Saudi Arabia's security partly depends on the likelihood that, despite the well-known tensions between herself and Iran, when the chips were down the Shah would protect her against any military threat from Iraq. A similarly implied Iranian guarantee applies to the internal as well as external security of the neighboring oil

principalities of Kuwait, the United Arab Emirates, Qatar, and Oman, all of whom constitute a first line of defense, politically and psychologically speaking, for Saudi Arabia. Consequently, a revolution ousting the royal regime in Iran would have strong repercussions in Saudi Arabia, even in the absence of any immediate military consequences.

The regional implications of a similar antimonarchical revolution in Saudi Arabia could be very far-reaching, all the more so if revolutions occurred in the neighboring principalities as well. All the financial power now directed toward the maintenance of more or less moderate regimes in Egypt, Sudan, Jordan, Syria, and Yemen, as well as toward the containment of South Yemen and Somalia, would suddenly become available to finance radical political activities instead, perhaps like those of Colonel Qaddafi but on a much grander scale. Furthermore, the inflated prestige of the Saudi leadership, and its reputation for discretion, probity, and getting its own way, which have bolstered the conservative cause in the region, would be pricked like a bubble. In such circumstances it is difficult to imagine Presidents Sadat and Nemery and King Hussein surviving in office for long. And in turn their departure would stimulate other changes, possibly including a renewal of Egyptian-Israeli or Israeli-Jordanian hostilities, or both.

For the moment, to be sure, it seems far-fetched to picture a lineup of all the Arab oil states suddenly turned radical, but one day such a lineup could well take place. If it did, it would not necessarily mean that all oil producers would work in harmony, simply because of their radical regimes; nor, for that matter, that Saudi Arabia would act immediately and rashly on the basis of her new leaders' radical impulses. New rivalries and alignments within the overall ranks of the radicals could soon emerge, perhaps with each of the wealthier oil states seeking alliance with more populous and developed neighbors in quest of regional hegemony. For example, one might find Iraq, Kuwait, Syria, and Jordan pitted against Saudi Arabia, the Emirates, Egypt, and the Sudan.

Radical Coups in Conservative Poor States: Egypt

Most non-oil-producing Arab states are governed by conservative regimes. Among these, Egypt merits particular attention as the country with the largest population, army, educated and politically minded class, and industrial establishment, as well as the most severe economic problems. With the Nasserist legacy in the background and the intense controversy generated by Sadat's Israeli diplomacy, a coup against the regime is a constant possibility. Such a coup would also signify an indirect blow against Saudi Arabia.

While progressively undoing much of the Nasserist social revolution, Sadat has failed to solve the country's pressing economic problems. He has kept critics at bay by dramatic diversions, the prospect of peace, Saudi and American aid, and the promise that "by 1980" things will start getting better. All these devices have bought time but have not eased basic problems of housing, transport, education, the stagnation of industry and agriculture, overpopulation, and bureaucratization. There is no assurance that the advent of peace with Israel will do so either.

In these circumstances a coup against Sadat would hardly be surprising, but there is no telling whether to expect it tomorrow or several years from now. Attempts might be made from several directions, and rival groups may neutralize each other.

Sadat's regime has represented a broad and powerful coalition of moderate-to-conservative interests in Egyptian society, but it has failed to serve these interests—as well as popular needs—effectively, and this failure could be its undoing. An initial coup might therefore be a preemptive one, coming from centrists aiming to save Sadatism from Sadat, but it would be likely to stimulate groups on the left and right to attempt further coups.

It is widely believed in Egypt that the Islamic Radical Right represents by far the most potent antiestablishment organized movement in the society, probably including the army. Speculation therefore tends to favor the emergence of the Moslem Brethren or a Qaddafi-like figure, rather than another Nasser or a Marxist. However, the strength of the religious Right does not necessarily signify support for Egypt's Saudi connection. Many conservative Egyptians regard the Saudis as degenerate and arrogant, and resent Egypt's dependence on them. The primary target of this resentment is likely to be the Egyptian regime that lives on Saudi handouts. If so, any anticentrist coup would raise the possibility of a break in the Egyptian-Saudi and Egyptian-American alliances, and a swing toward either Libya or Iraq, plus the USSR.

If the new regime were radical-rightist, it might be reluctant to deal with the Soviets but, like Qaddafi, wind up doing so willy-nilly. On the other hand, it remains to be seen whether anyone other than the Saudis would be willing to assume financial responsibility for a country as needy as Egypt. If not, the Saudis will have an impressive power of veto over political changes in Egypt.

On the Israeli front, the Sadat regime can ill afford either a continuing stalemate or an unambiguously separate peace that would isolate Egypt in the Arab world. At home, however, a peace agreement that holds out some prospect of subsequent Israeli accommodation of Syrian and Palestinian interests, and is thus eligible for the endorsement of Saudi Arabia, can appeal very effectively to "Egypt-first" sentiment in the armed forces and among the public at large, and give the Sadat regime a new lease on life. For these reasons, the linkage between the two Camp David accords, and the successful implementation of the one governing the future of the West Bank and Gaza, are of key importance to Egypt.

Conservative Coups in Radical Rich States: Libya and Iraq

The idea of a "conservative coup" in either of these countries seems outlandish, since conservative social interests were broken up in both many years ago. It is conceivable, however, that the experience of Egypt after Nasser, or Syria after Jedid, might be repeated: Elements within the revolutionary regime acquire power and proceed for tactical reasons to loosen some controls, picking up new allies who stand to benefit from liberalization of the system, and eventually invoking some relatively conservative slogans to justify the changes. External encouragement comes in one form or another at critical moments from Saudi Arabia or the United States. There is a quarrel with the Soviet Union. At length, the modified system no longer seems to deserve being called radical.

Such changes could conceivably begin in Libya or Iraq with factional quarrels within the regime, bringing new leaders to the fore who have no reason to renounce the whole legacy of their predecessors, but to whom intraregime tactics dictate some sort of "de-Stalinization" process in order to win allies and discredit rivals. Gestures of reconciliation from the neighboring regime in Cairo or Damascus may

be accepted as a means of breaking out of isolation, particularly if the internal changes bring Soviet disapproval.

There is no particular sign in either country that such changes are on the horizon in more than very mild form, and it is hard to see how they might be stimulated from the outside. Conservative oil states cannot very well use their money as an inducement: Libya and Iraq may not be averse to accepting money, but they do not need it urgently enough to be bought off or subverted by it. They may well encounter occasional frictions with the Soviet Union over military or commercial deliveries, or over foreign policy toward third parties, but that would be nothing new. Neither Libya nor Iraq is overwhelmingly dependent on its Soviet ties even now, and both have shown the capacity to sustain differences with the Soviets without creating fundamental problems in their overall relationships nor within their domestic power structures.

Thus, while the possibility of the rightward evolution of the Libyan and Iraqi regimes should not be excluded, there is no particular reason to expect it; and it seems likely that the present shape of these regimes will continue to be what it has been over the past decade.

MILITARY CONFLICT BETWEEN IRAQ AND SYRIA

Despite the rampant hostility between Iraq and Syria in recent years, it is unlikely that either would launch a full-scale assault on the other, except in special circumstances. Neither one possesses a clear-cut superiority over the other; they are separated by desert; Syria is preoccupied in Lebanon and on the Golan Heights; and Iraq would be deterred by the strong disapproval of virtually all neighboring states, including Iran and Turkey. Iraq and Syria now have at least one common bond: their hostility to the Camp David accords. In any event, it is doubtful that their armed forces would be willing to fight a major war against each other, notwithstanding the intense hostility between the two regimes. It is even doubtful whether the rulers of both countries ever seriously intended the hostilities to go beyond their recent cruising level of antagonism.

Not only are the two countries unlikely to go to war; if anything, they are more likely to unite with each other (perhaps after a change in regimes and the resolution of other difficulties). In the meantime, the chief weapons in the struggle between Baghdad and Damascus are not threats of military attack but attempts at internal subversion and diplomatic isolation.

In addition, the Iraqis can exert financial pressure by cutting off the flow of oil through the pipeline to Syria's Mediterranean coast—though this, of course, hurts Iraq's revenues as well.

One exceptional event that might conceivably provoke an Iraqi invasion of Syria would be Syria's signature of a peace agreement with Israel, which the Iraqis would resist as a sellout of the Palestinian and pan-Arab cause.

Such a scenario appears bizarre in the aftermath of Camp David, but at an earlier time (especially during the "pre-Geneva" diplomacy of 1977) it was a plausible prospect. It could well become so again—especially if the West Bank provisions made at Camp David are implemented effectively. The Iraqi invasion would be designed to undercut the agreement before it could be implemented, and would be directed not only against the Damascus regime but against other parties involved

directly or indirectly in the negotiations, presumably including Jordan, Egypt, and the PLO. It might be accompanied by a Libyan military move against Egypt.

These operations would aim not so much at battlefield victories as at promoting armed uprisings against the Syrian, Jordanian, and Egyptian governments and the PLO leadership. In such a contest for allegiance, much would presumably depend on the terms of the peace agreement, but it would be in the Syrian army and in the ranks of the PLO that an agreement would be most likely to provoke violent outbreaks.

Another possible invasion scenario would arise if a post-Assad Syria were to federate with Iraq and then, in some subsequent crisis, attempt to secede (as Syria seceded from her union with Egypt in 1961).

In the absence of such extraordinary circumstances, any Syrian-Iraqi military clash is likely to consist of a minor border skirmish, along the lines of the Egyptian-Libyan border clash of 1977: a few days of localized fighting, a few dozen casualties, some logistical breakdowns, and a flood of angry words. This could occur accidentally or in retaliation for some act of terrorism or public insult. More particularly, a clash could be staged by Iraq, as the more militant and less distracted party, for more calculated purposes:

- In support of an uprising within Syria against the Asad regime, planned and coordinated in advance;
- In order to capitalize on domestic upheavals in one or more neighboring countries—Egypt, Kuwait, Saudi Arabia—and to precipitate an uprising in the Syrian army as well;
- To harass and discredit Syria in case she should resume diplomatic contacts aiming at peace negotiations with Israel, or resume friendly ties with Egypt without obtaining Sadat's renunciation of his peace initiative, or push the PLO toward acceptance of Resolution 242.

Until Camp David impelled a reconciliation between Damascus and Baghdad, the above contingencies seemed plausible. At present they are no longer so; but as political developments in the region unfold, they could resurface.

To conclude, it is noteworthy that the prospects for the outbreak of conflict between Iraq and Syria appear to be unrelated to economic disparities; in fact, they largely involve threats by the richer state against the poorer one.

In the unlikely event of war between them, Iraq's oil income would make her more able than Syria to sustain a prolonged mobilization and to expend and replace large quantities of equipment. Syria would have to depend on the Saudis or others to underwrite the costs of mobilization and resupply. Particularly if Iraq initiated the hostilities, such a commitment should not be difficult for Syria to obtain.

MILITARY CONFLICT INVOLVING EGYPT, OR EGYPT AND SYRIA, AGAINST KUWAIT AND SAUDI ARABIA

Under the present regimes, it is implausible to postulate a conflict involving Egypt, or Egypt and Syria, against Kuwait and Saudi Arabia. Both the Egyptians and Syrians depend on Saudi and Kuwaiti subsidies and have no reason to throw them away; their general political interests are compatible with those of the oil

monarchies; and their capacity for long-range offensive military operations is very small, especially while they remain in a state of war with Israel.

New Egyptian or Syrian regimes could develop antagonistic relations with the oil monarchies, and seek either to blackmail them into giving greater financial support, or to work for their overthrow, in the spirit of the 1960s. Still, their military capabilities would be limited. Their chief instruments for harassing the monarchies would involve lending support to dissident movements inside the monarchies, encouraging enemies in other neighboring countries, providing the Soviet Union with staging points in Egypt and Syria from which to deter Israel and the United States from intervening in the Gulf, and, conceivably, posing the threat of limited participation (through air or commando attacks) in an assault carried out primarily by others (Iraq, Iran, the USSR).

If changes in regime in Egypt and Syria were accompanied by others in Sudan, North Yemen, and Jordan, opportunities would open up for threats and subversive activity from these countries as well as South Yemen against Saudi Arabia from the north, west, and south—all the more so if any of these countries should unite with each other.

It is very unlikely, though not inconceivable, that Egypt or Syria would let itself become involved in a prolonged land war in the Peninsula, as Egypt did in the Yemen in the 1960s. The prospective drain on the Egyptian or Syrian economy would probably be an overwhelming constraint. Perhaps Libya, Iraq, or the Soviet Union would be willing to pay the military costs, but Egypt's economy in particular already needs frequent, large transfusions, and these would become the further responsibility of any party providing the military subsidy. It is doubtful that any foreign government would accept this double burden, and that any Egyptian regime would let it accumulate. For Syria, the same considerations would apply on a smaller scale.

MILITARY CONFLICT INVOLVING EGYPT AND IRAQ AGAINST SAUDI ARABIA AND KUWAIT

Unlike Egypt, Iraq possesses a credible capability to invade and occupy Kuwait and the Saudi oil fields. A major deterrent is the strong likelihood of Iranian opposition, as well as that of the United States. (The possibility of Israeli intervention might also play a secondary deterrent role, especially in the light of Camp David.) The overthrow of the Iranian monarchy by revolutionary forces would threaten to break up the present stable situation.

We do not assume that such an attack is now on the Iraqi government's agenda, but Iraq has threatened to invade Kuwait more than once in the past, and the Kuwaiti and Saudi systems of government and strong western diplomatic ties are antithetical to Iraq's Baathist revolutionary ideology.

But for the threat of American intervention and, consequently, of Soviet-American escalation, a change of regime in Iran and the removal of the Iranian deterrent might lead sooner or later to a crisis and to an Iraqi occupation of Kuwait and an Iranian occupation of Qatar, Bahrain, the United Arab Emirates, and at least the northern portion of Oman. If they do not view the threat of American intervention as credible, however, Iraq and a revolutionary Iran might then attempt such a division of spoils.

In such a scenario, we are inclined to assume that Iran and Iraq would leave Saudi Arabia unmolested (perhaps upon Soviet insistence) in order to avoid risks of escalation involving the U.S. The radicals would intend to absorb Saudi Arabia into their orbit later and gradually. Meanwhile, the Saudis would be expected to maintain normal oil exports, at least initially.

Egypt would have a three-fold role in this scenario. First, Egypt under Sadat or a successor could decide whether to make her territory available to either the U.S. or the USSR, to deter or encourage Iraqi-Iranian moves in the Gulf. A Soviet military presence in Egypt might neutralize any American deterrent.

Such Soviet collaboration, based on a military presence in Egypt, would predictably confront the U.S. with the choice between suffering a major setback and meeting a high-level challenge, a prospect that would deter a cautious Soviet leadership but tempt a bold one.

Second, in a related scenario, if Iraq (and Iran) did decide to attack Saudi Arabia, then a post-Sadat Egypt could conceivably play a secondary military role in support of such operations. Egypt could carry out bombardments and commando raids against Saudi military bases and commercial installations in the western provinces of the Kingdom, or threaten to do so, if the purpose were merely to intimidate her while Iraq and Iran occupied other Gulf states. Egyptian participation seems quite unlikely, however. Even without Egyptian help, it is possible that Iraq would be militarily capable of carrying out all operations alone, and bearing the financial cost of a prolonged political stalemate and military occupation (perhaps including counterinsurgency operations) afterward, even assuming that Iraqi oil revenues remained constant and were not augmented by revenue from captured Kuwaiti or Saudi fields.

Third, if Saudi Arabia were not directly attacked, Egyptian support could strengthen her ability to stand up to the radicals' attempts to draw her into their orbit. If Sadat's regime survived, the combination of its military machine and Saudi finances, as well as the continuing American deterrent, might make for a credible defense posture for Saudi Arabia. In return, no doubt, the Egyptians would exact an enlarged Saudi subsidy. However, it seems doubtful that the Saudis would welcome the stationing of Egyptian forces on their soil.

Conversely, if Sadat were replaced by a radical successor, Egypt could play a significant part in the overall strategy of surrounding Saudi Arabia and absorbing it progressively into the radical camp.

The implications of the above discussion for OPEC are evident. Regardless of differences in Iranian and Saudi pricing policy, in actual practice the Shah is a principal guarantor of Saudi Arabia and the other Gulf monarchies. If events proceeded as we have surmised, and the overthrow of the Shah led to Iraqi occupation of Kuwait and Iranian occupation of Qatar and the UAE, the effect would be to place these states' oil production at the disposal of the price hawks within OPEC, while isolating the Saudis to the point where they, too, might feel obliged to go along—depending perhaps on whether they could still count on the U.S. and their erstwhile clients in Egypt and other neighboring non-oil states.

MILITARY CONFLICT BETWEEN EGYPT AND LIBYA

On the surface, there are strong apparent temptations for Egypt to invade

Libya, get rid of Qaddafi, annex the country, and take over its oil revenues, thus retrieving the missed opportunity of 1973. With its considerable superiority in manpower and weapons, Egypt could hope to defeat any Libyan army in the field rather easily.

Yet this is unlikely to happen. There is little taste for adventure in Egypt; she has entered a phase of reduced military expenditure and involvements. An unprovoked or unsuccessful war could backfire against the government; the Soviets and Algerians might intervene; and even if military operations proceeded without interference, a victory might be followed by logistical and occupation problems more costly and awkward than Egypt could afford.

Moreover, Saudi Arabia and her Gulf partners would be displeased by the setting of such a precedent, and by the prospect that Egypt might escape her past dependence on them and renew the threatening posture of the Nasser era. It would probably not seem worthwhile for Egypt to antagonize these patrons, who can offer more money than Libya.

However, there is already the precedent of the 1977 border skirmish. A similar conflict, or a more serious one, could occur in one of the following situations, all of which, ironically, could be triggered by a Libyan initiative:

1. After Sadat signs a peace agreement with Israel, the Libyan regime launches an attack designed at least to register an ideological protest and if possible to instigate mutiny against the agreement inside the Egyptian army.
2. After a successfully implemented, popularly supported peace accord with Israel, during which the Libyans launched abusive verbal attacks and made threatening troop movements, Sadat decides to teach Qaddafi a lesson by invading and occupying Cyrenaica, bombing Libyan air and supply bases, and calling for Qaddafi's replacement.
3. An uprising against Sadat is attempted by Islamic militants, with the public acclaim of Qaddafi and with the support of arms and personnel smuggled in from Libya. The Egyptian government launches air raids and ground operations at the border against Libya to try to break up this support, and more general fighting between the two countries ensues.
4. In the course of an invasion by Iraq and revolutionary Iran of Kuwait and other Gulf oil principalities, the Sadat regime cooperates with the United States and/or Israel in facilitating their intervention. This provokes an attack from Libya designed either to dissuade Egypt from such cooperation, or to provoke an armed uprising inside Egypt. It might also indirectly convey a Soviet threat to intervene.

Given the American and Soviet stakes in the Sadat and Qaddafi regimes respectively, the superpowers would probably counsel restraint to their clients in any of the above situations, and thus reduce the likelihood of conflict—but not remove it, given the impulsiveness of both Arab leaders.

The Saudi Arabians would like to see Sadat's hand strengthened and Qaddafi chastised, but they are notably cautious in inter-Arab affairs and shrink from stirring up controversy. They will, of course, give verbal and financial support to Sadat if he is openly attacked. This may mean an open break with Libya, but that would be nothing new and would carry no significant consequence for OPEC.

In case of the overthrow of Sadat, the Saudis would have to adjust to new realities in their relations with Libya and others, and seek ways to discourage revolution from spreading farther afield. This might cause them and the Shah together to adjust their international posture, take some distance from the U.S., arrange a rapprochement with Libya and Iraq, and join with other OPEC members in raising the price of oil markedly. The Saudis would hope that the new Egyptian government, regardless of its initial ideological posture, would eventually turn again to them for financial backing, thus remaining within the conservative orbit.

Alternatively, a post-Sadat Egypt might still engage in conflict with Libya. Sadat's successor, regardless of his orientation, would be likely to seek a rapprochement with Libya, thus moving away from Saudi patronage, not in order to become Qaddafi's client but to assert renewed Egyptian influence over Libya and to stake a claim to share her wealth. Qaddafi would surely disdain the subordinate role designed for him, and a conflict might ensue. The result could be a reaffirmation of the Egyptian-Saudi axis.

IV. RELATIONSHIP OF CONTINGENCIES TO ARAB-ISRAELI CONFLICT

Some observations about the relationship of Israel's position to the above contingencies have already been made. Here we shall add a few more.

Camp David has introduced some striking changes in Israel's calculations of her relationship to inter-Arab affairs. In the past, Israel has posed a powerful deterrent to various developments that she may have considered unfavorable, with her ability to strike far afield against almost any of the Arab states. The fact of open hostility between her and the Arabs has meant that she had few inhibitions against using her strength. Her very presence has served to dissuade the Arab confrontation states from devoting more than limited military units to purposes other than defending against her. Even now, Israel continues to represent a tacit guarantee of the monarchies of Jordan and Saudi Arabia against outside attack or even, possibly, internal subversion; she exercises a veto over a range of possible political changes in Lebanon. At the same time, her presence provides a unifying impulse for otherwise diverse radical parties, in opposition to Egypt.

As long as the Arab-Israeli struggle persisted in its traditional form, it was plausibly advantageous to Israel to try to encourage inter-Arab conflicts, e.g., Iraq vs. Syria, Syria vs. Egypt, or Egypt vs. Libya, provided this could be done with dexterity. Military conflicts among Arab states would obviously distract them from the confrontation with Israel and lessen their capacity to pursue it, provided such conflicts did not actually lead to mergers, to the rise of militant regimes, or to the demise of conservative and quiescent ones (Jordan, Saudi Arabia).

Now, with the Camp David accords, Israel has entered into a new and prospectively cooperative relationship with a leading Arab state, and may conceivably do so with others as well in the next several years. For the first time, the inter-Arab interests of an Arab state are clearly shared by Israel as well, if she is to build up the new and valued partnership. On the one hand, she is bound, of course, to sympathize with Egypt in her conflicts with rejectionist critics such as Libya and Syria, and the temptation is there for Israel to lend her own military weight to Egypt by at least maintaining an active threat against Egypt's Arab adversaries. On the other hand, such gestures run the risk of further compromising Egypt's position within the pan-Arab circle, placed as she already is in the delicate situation of having made a separate peace with Israel without general Arab approval.

Looking to the future of Israel's relations with other Arab regions, the persistence of inter-Arab conflict may continue to make it difficult for the Arab regimes to adopt a constructive approach to negotiating a peace settlement, or for that matter to concentrate on other goals such as economic development. Sadat's willingness to sign a thinly disguised separate peace is thus a remarkable departure from all norms, and is by no means assured of long-term success. A pan-Arab federation, or a Syrian-Lebanese-Jordanian-Iraqi union, would probably be impeded (though not necessarily excluded) as long as the conflict continues, by Israeli opposition and the preoccupation of the Arab states with their own part in the conflict. On the other hand, should a merger occur in the absence of peace, it would strengthen the members' capacity both for war and for peace.

Thus there is a chicken-and-egg puzzle, Arab unity and general Arab-Israeli peace each being difficult to achieve in the absence of the other. Yet it is also conceivable, if less likely, that peace could also unleash a number of inter-Arab aggressive actions by removing or reducing the inhibiting fear of Israeli intervention: actual or threatened attacks by Egypt on Libya, Syria on Jordan, Iraq or Egypt on Kuwait and Saudi Arabia.

V. DETERRENCE AND PREPARATION

The Saudis and other Arab Gulf monarchies have three means of self-protection open to them: inter-Arab diplomacy, including financial assistance; national defense; and outside alliances.

INTER-ARAB DIPLOMACY

For the past several years, the Saudis and their partners have already practiced the main features of an inter-Arab strategy that is likely to continue into the future. The chief aim of this strategy is to dispense their wealth judiciously so as to build up a broad-based clientele and encourage a consensual inter-Arab atmosphere, while simultaneously cultivating special ties with selected partners and working to isolate or constrain potential challengers.

The Kuwaitis have played the game the longest, with the development of such institutions as the Kuwait Fund for Arab Economic Development, which was founded in 1961 and by 1975 (mainly before the oil price rise) had disbursed nearly \$600 million in soft loans throughout the region.¹ They have also taken the lead in cultivating good relations with the Palestinian movement.

The Saudis have asserted leadership in more recent years in two respects. First, they have paid out substantial sums at strategic moments, as political payoffs more or less pure and simple, to almost every non-oil-producing neighbor, including regimes with which they had not previously been particularly friendly, such as North Yemen, Sudan, South Yemen, and Somalia. In the case of Sudan, the Saudis' subsidies reinforced the drift of the Numeiry regime from leftist to right-center; in the South Yemeni case it was a matter of persuading a distinctly Marxist regime to abandon its support of the Dhofari rebellion against the Sultan of Oman, and to moderate its activist foreign policy generally; and in Somalia, Saudi aid helped induce the government to abandon its alliance with the USSR.

By subsidizing these governments, as well as others, while at the same time accepting their migrant laborers, Saudi Arabia has gradually built up links of patronage throughout the neighborhood, made herself valuable to these regimes, and minimized the likelihood that hostile views or plans would be nurtured in any of them. This general policy is likely to be maintained in the future, as long as the clients continue to behave as clients; but there is little control in Riyadh over this, and there will be less when rival patrons on the left, notably Iraq, muster large enough cash surpluses to compete in purchasing clients.

The second aspect of Saudi leadership has been their effort to cultivate what amounts to an alliance with Egypt, and something approaching that with Syria and Jordan. Far beyond simply purchasing good behavior from these regimes, Saudi Arabia has been eager to shore up their survival against internal challengers, and to enlist their cooperation in regional and intercational diplomacy, particularly as counterweights to Libya and Iraq. For this reason the Syrian-Egyptian quarrels

¹ R. El Mallakh et al., *Capital Investment in the Middle East: The Use of Surplus Funds for Regional Development*, Praeger, New York, 1977, p. 81.

over the second Sinai disengagement agreement (1975), the Lebanese crisis, the Sadat initiative, and finally the Camp David agreement, have been particularly awkward and embarrassing for the Saudis, to whom consensus among their allies is even more important than consensus among the Arab states generally. Given Egypt's preponderance in Arab affairs, and Syria's traditionally sensitive role vis-a-vis Israel, it is worth considerable money and trouble for Saudi Arabia to keep them in her camp. This is not to say that the Saudis will necessarily prove willing to pay a high enough price, especially in the Egyptian case, where larger and larger amounts of aid will be needed over time.

At present, Saudi aid seems well geared to cultivating the ruling elites in Cairo and Damascus. But looking ahead, the Saudis might calculate that, rather than leaving these elites to face their domestic challengers, they should establish patronage over some of the challengers, too—not in order to weaken the regimes, but to have influence over any succession that may occur.

The most obvious target for such an operation is the Muslim Brotherhood, branches of which operate in both Egypt and Syria, where they challenge the current regimes in the name of Islamic orthodoxy. The Brotherhood, as part of the general current religious revivalism, represents trouble for Sadat and Asad, but it also represents a major counterweight to the Marxist Left and thus, according to some estimates, to the threat that either of these two countries, after a coup, may swing toward partnership with Iraq and the Soviet Union. As already mentioned, however, the Brotherhood is unlikely to adopt an obedient or even particularly respectful attitude toward Saudi Arabia.

Among the oil monarchs' diplomatic tactics, forming unions or federations with non-oil states—a step we might imagine being taken as a preemptive measure—is probably to be excluded. None of the Gulf oil regimes could unite with anyone less populous and less developed than itself, and thus none could be sure to escape the danger of being smothered by the embrace of any partner. In most instances, moreover, geography makes the proposition implausible. Saudi Arabia, the largest and therefore presumably the least vulnerable of the monarchies, has the added feature of the exclusivist tradition of its dynastic family, which in alliance with the Wahhabi sect of Islam, is most unlikely to dilute its control over its territory.

NATIONAL DEFENSE

The Arabian Gulf oil producers have only a limited potential for self-defense. At present, none of them could hope to rely on its own forces as more than a thin shield against a full-scale invasion from either Iraq or Iran. However, the selective strengthening of these forces makes sense for them at least as a means of coping with limited hostilities, as a trip-wire, as a means of buying time to invoke outside alliances, and for the sake of internal security. Only in the case of Saudi Arabia, confronted with a possible attack from Iraq (though not from Iran), does it appear plausible that a strong military buildup might provide an adequate defense capability.

We assume that Egypt and Syria, if under regimes hostile to Saudi Arabia, would find it difficult to mount effective invasion forces but could strike at strategic targets within the Kingdom by air or commando raids. Such raids could also come from Iraq or Iran. It should be within the capacity of Saudi Arabia, though probably

not that of the other monarchies, to develop an air defense system capable at least of reducing the profitability of such attacks.

The air defense system will presumably continue for many years to depend heavily on foreign personnel to perform certain maintenance, communications, logistical, and other services.

Saudi Arabia might also be tempted to acquire a small nuclear force for deterrence. Acquisition would depend on an unlikely decision by an existing nuclear power to transfer weapons to Saudi Arabia. Moreover, although unilateral possession of such a capability would probably enhance deterrence of attacks on the Saudis, such a posture would increase the prospects of emulative acquisition by their potential enemies (e.g., Libya or Iraq), with hazardous consequences for the Saudis as well as their adversaries.

Internal security is the area in which, until recently, the oil monarchies have all concentrated. It is an area that can be taken care of within traditional social and organizational principles, with the aid of a limited amount of modern equipment and training. In the case of Saudi Arabia, the internal security forces are also a counterweight to the army, in defense of the regime against the possibility of a coup.

OUTSIDE ALLIANCES

The Arabian Gulf monarchies can hope to rely on outside protection in some circumstances, primarily from the United States and Iran, and conceivably from Israel.

Saudi Arabia in particular has acquired a special relationship with the U.S. that could well be developed into a clear-cut (if informal) military alliance. The United States is already equipping and training the Saudi armed forces and performing certain support functions. In addition to this, the U.S. could be asked to station American air defense units on Saudi soil, and pledge to engage these and other forces against any prospective attackers and against any threat of Soviet involvement. In return, the Saudis could offer the U.S. long-term guarantees regarding oil prices and supplies, and in support of the dollar.

We assume that Saudi Arabia and the United States have already arrived at some level of understanding concerning such matters. However, we note two likely limitations to Saudi willingness to rely on American protection, quite apart from American willingness to provide it.

First, it is impolitic to invite any outside power to station its combat forces in the Kingdom, because it would be highly provocative to Arab nationalist sentiment and would impede Saudi Arabia's quest for smooth relations with other Arab states. Such costs would be at least noticeably reduced if the Saudis and the U.S. limited themselves to arrangements facilitating the deployment of U.S. forces in Saudi Arabia in a crisis upon the request of the Saudis, and to a U.S. expression of intent to accept the Saudis' judgment on whether such a measure was needed. Given the rapidity with which some contingencies might arise, serious difficulties are likely to impede timely and effective intervention by U.S. forces.

Second, the effectiveness of American intervention would depend in part on logistical and geopolitical considerations. If Egypt, Syria, Jordan, and/or Iran were in the enemy camp, and particularly if any or all of them were available to the

Soviet Union as bases, American intervention would be difficult without raising grave dangers of escalation, including a new round of Arab-Israeli hostilities.

Reliance on Iranian rather than American protection is, in some ways, more practical for Saudi Arabia and especially for the lesser Arab principalities, but involves its own problems. In case of attack by Iraq, an Iranian armed intervention could be much more prompt and effective than an American one. The present Iranian regime is highly motivated to protect monarchical solidarity in the Gulf, and to prevent Iraq or other radical regimes from seizing neighboring territories. Kuwait in particular has received clear if informal Iranian guarantees against Iraq. Iran's apparent political and military ambitions in the Gulf in competition with its Arab neighbors, and its cool relations with Saudi Arabia, have impeded the negotiation of desirable defense agreements between the parties, and may have contributed to a costly arms race. But it is doubtful that they have outweighed the Shah's forecast that the fall of any neighboring monarchy would endanger his own. Hence, the Arab monarchs can count on some level of protection. Still, there are several limitations from their standpoint.

First, in the absence of a better understanding, would Iranian protection turn into occupation and annexation? The Iranians might protect Kuwait and Saudi Arabia, and in the process take over the United Arab Emirates as a payment for their services. A well-prepared political and military agreement with Iran appears to be highly desirable for the Arab Gulf monarchies.

Second, would Iran be free to move against Iraq, in defense of her Gulf neighbors, without fear of the Soviet Union? An American guarantee, to cover an Iranian-Arab treaty, would help.

Third, how secure is the Iranian regime against overthrow; and if it is overthrown, what prospect is there that any successor regime would defend its Gulf neighbors—or even refrain from occupying them itself? On this point, there is no particular action the Arab states can take.

Lastly, it would conceivably be possible for Saudi Arabia and Kuwait to obtain important Israeli assistance against an Iraqi attack, in the form of Israeli air strikes against either the attacking Iraqi ground forces or strategic targets inside Iraq. Certainly it would be in Israel's interest to see the Iraqi attack fail.

However, up until now the politics of the Arab-Israeli conflict make it doubtful that the leaders of the Arab oil states, even *in extremis*, would want Israeli help against another Arab party. Camp David has not changed this, although, to be sure, changes may eventually come about. Meanwhile Israel could perhaps act on her own, but she would worry about various possible unfavorable consequences, including the reactions of the Soviet Union, other Arab states, Iran (which supplies much of her oil) and the United States. At the very least she would be likely to insist on an American guarantee of military protection against the Soviets, and of clear diplomatic support *vis-a-vis* the Arab states and Iran.

In summary, since the capability and the basic interest are there, we do not completely exclude the idea of Israeli intervention for the present, but we heavily discount it on political grounds. In any case, unlike an Iranian guarantee of the Arab Gulf states, which would be more credible if spelled out more explicitly, any Israeli guarantee of these states is likely to be effective only if it remains tacit.

VI. CONCLUSIONS AND IMPLICATIONS FOR U.S. POLICIES

Not surprisingly, the originally intended focus of this report—potential conflicts in the Middle East between the Arab rich and poor—became blurred and diffused by the more dominant realities of the region. These realities typically cut across the lines between rich and poor; political and ideological uncertainties and changeability; both personal animosity and friendship between national leaders; traditional and potential hostilities and, occasionally, converging interests among states. Our attempt to survey potential conflicts between the rich and the poor suggests that a "pure" case, in which pecuniary gain is the principal motive, is unlikely. The more probable contingencies would be precipitated by other factors, although economic gain could be a secondary consideration. Examples are possible contingencies involving Egypt against Libya, or Egypt and Syria against Kuwait and Saudi Arabia.

More likely than "poor" against "rich" contingencies are those in which already rich countries engage still richer ones, again with motives over and above economic gain. By no means is this meant to imply, however, that rich countries would not be spurred on by the prospect of great added wealth. A possible case in point would involve Iraq and a revolutionary Iran attempting to seize and divide the several Arabian coastal states and Saudi Arabia. The general proposition seems warranted that their great wealth makes Saudi Arabia, Kuwait, and the smaller Arabian Gulf principalities more inviting targets than they might otherwise be to Iraq, a radicalized Iran, or internal elements.

The contingencies we have described have numerous implications for U.S. policies in the region.

For many, and probably most, of the contingencies, an activist U.S. policy stance seems ill advised that would seek to abet a "favorable" or impede an "unfavorable" turn of events. In view of the entangled realities of the region, such a stance could backfire disastrously.

There may be exceptions to this observation, however. We will consider possible exceptions with respect to four aspects of U.S. policy: general U.S. policy orientation and declaratory policy; U.S. force planning, deployments, and operations; security assistance policies; and economic assistance policies.

GENERAL U.S. POLICY CONSIDERATIONS

For many conflict contingencies, the most appropriate U.S. role may be to deter or block Soviet involvement, while encouraging and facilitating collaboration in military operations between friendly countries within the region: Iran in support of Saudi Arabia, and possibly Turkey or Egypt in support of Saudi Arabia and Kuwait.

Saudi-Iranian relations and security understandings are of key importance to the U.S., as the future of all the Arabian Peninsula oil monarchies may hinge on

them. While it appears that the relationship leaves much to be desired and that the U.S. should give every possible encouragement to coordinate Saudi-Iranian defense planning, this is an area in which the U.S. must proceed with great caution and tact, in the realization that the two countries are aware of both their substantial community of interests, and of the forces that tend to divide them.

To deter covetous designs on Saudi Arabia and Kuwait by either poor Arab countries or ambitious rich ones interested in becoming still richer (notably, Iraq or a postrevolutionary Iran), the United States might find ways short of explicit security guarantees to emphasize that it is vitally interested in the integrity of the states in the Arabian peninsula. However, any explicit and visible moves in this direction should be undertaken very cautiously in light of our earlier comment about the distinct limits on American ability to push events in desired directions.

If and when it appeared that Syria might be willing to participate in negotiations with Israel but for the ensuing threat of an Iraqi invasion, the United States might consider how to facilitate support for Syria by third countries in the region, e.g., Iran or Turkey, to deter or to meet such a threat.

U.S. FORCE PLANNING AND DEPLOYMENTS

Contingency planning for possible conflicts in the Middle East should accord a more prominent role to the performance by U.S. forces of important noncombat support functions, such as airlift, logistic support including repair, maintenance, and resupply, and communications and intelligence. The functions would be intended to facilitate more effective military collaboration among friendly countries in the region, without involving U.S. forces in direct combat. Further consideration and study should be given to the addition or substitution of forces specifically designed and trained to provide such support from U.S. sea-based forces in the Mediterranean and U.S. land-based forces in Turkey. Given the rapidity with which some Middle Eastern contingencies might arise, timely and effective introduction of such U.S. support would clearly face formidable difficulties.

SECURITY ASSISTANCE POLICIES

The wide range and abundant uncertainties of the contingencies we have surveyed strongly support the cautionary comment made at the start of this section. Such caution is particularly warranted in U.S. arms transfer policies, because of the conflicting considerations that are involved. On the one hand, it would clearly serve U.S. interests to bolster the military capabilities of friendly countries that might be mutually supportive in specific contingencies, e.g., Iran, Turkey, Saudi Arabia, and Egypt. Arms transfers and training policies to promote that end, as well as to ensure interoperability among the systems of the countries concerned, would seem to be desirable. On the other hand, given the extreme volatility of circumstances and regimes, U.S. military aid could be used against states we are interested in protecting.

Perhaps the reconciliation of these conflicting considerations lies not only in restraint in the transfers of new systems, but also in limitations on spares and inventories to limit the scope for perverse use. Similar limitations on the provision

of advanced systems by our NATO allies are also warranted. Yet such limitations face a serious dilemma because of the short time period in which contingencies might evolve. Under these circumstances, spares and inventories have to be sufficient for immediate use if friendly countries are under military pressure. At the same time, replacement supplies should not be so ample as to permit undesirable adventurism by these countries.

ECONOMIC ASSISTANCE POLICIES

The maintenance and strengthening of a moderate regime in Egypt would be helped by more evident progress in economic development than has been recently displayed, or than appears likely from the projections we have made.¹

To improve these prospects, the U.S. might contemplate increasing economic assistance (e.g., soft-loans, P.L. 480), as well as technical cooperation, and assuring that the tax advantages for Domestic International Sales Companies (DISC) are available for private investment in Egypt. Such measures might be combined with a suggestion to the Saudis and Kuwaitis that they increase their subsidies to Egypt.

As to declaratory stance, the U.S. should, of course, oppose the use of force in reducing economic inequalities between the oil-poor and the oil-rich countries. Yet it should avoid underwriting the status quo in this respect. With this in mind, the U.S. might join with others to propose a Regional Development Plan that would work for some redistribution of wealth from the rich to the poor through revenue sharing.

¹ See Arthur Smithies, *The Economic Potential of the Arab Countries*, The Rand Corporation, R-2280-NA, November 1978.